

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 107 – HB 886**

February 21, 2021

**SUMMARY OF BILL:** Requires the Department of Human Services (DHS) to increase the monthly payment of temporary cash assistance to each recipient in the Families First program by the annual Consumer Price Index (CPI), in years in which the annual CPI percentage is at least one percent. Requires the increase to be implemented by June 30 of each following year.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – An increase in federal Temporary Assistance for Needy Families (TANF) expenditures for the Department of Human Services (DHS) of \$895,700 in FY21-22 and exceeding \$895,700 in subsequent years.**

**While these expenditures can currently be absorbed within the DHS's existing TANF block grant, to the extent the annual benefit amounts increase to levels exceeding the annual funding amount, or other legislation is enacted that utilizes such funding or reserves, DHS will experience an increase in state expenditures. The extent and timing of any additional fiscal impact to DHS, if any, cannot be reasonably determined.**

Assumptions:

- DHS administers Families First, the state's Temporary Assistance for Needy Families (TANF) program to assist eligible families in need through temporary cash assistance, transportation, child care assistance, educational supports, job training, employment activities, and other support services, in order to help those families gain self-sufficiency through employment.
- Based on information provided by DHS, the current annualized projected expenditures for temporary cash assistance for FY20-21 is \$51,744,240.
- Whether or not the CPI will increase by at least one percent in any given year, or by how much it will increase, is unknown.
- The average annual increase to the CPI from 2010-2020 was 1.731 percent. In each of those years except for one, 2015, the CPI increased by at least one percent. For the purposes of this analysis, it is assumed the CPI will increase annually by an average of 1.731 percent.
- Increasing the monthly temporary cash assistance based upon the annual increase in CPI will result in a recurring increase in federal TANF expenditures estimated to be

\$895,693 (\$51,744,240 x 1.731%) in FY21-22 and to exceed such an amount in subsequent years.

- The recurring annual amount the state receives from the federal government per the TANF block grant is approximately \$191,000,000. Additionally, DHS has the authority to draw from TANF reserve funds. As of September 30, 2020, the balance of the TANF reserve funds, was approximately \$735,800,000.
- Passage of the proposed legislation will increase federal TANF expenditures for the DHS. While these recurring expenditures can currently be absorbed within DHS's existing block grant, to the extent the annual benefits increase to levels exceeding the annual block grant amount, or other legislation is enacted that utilizes such funding and reserves, the DHS will experience an increase in state expenditures to meet the requirements of this legislation. The extent and timing of any additional fiscal impact to the DHS, if any, are unknown and cannot be reasonably determined.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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